

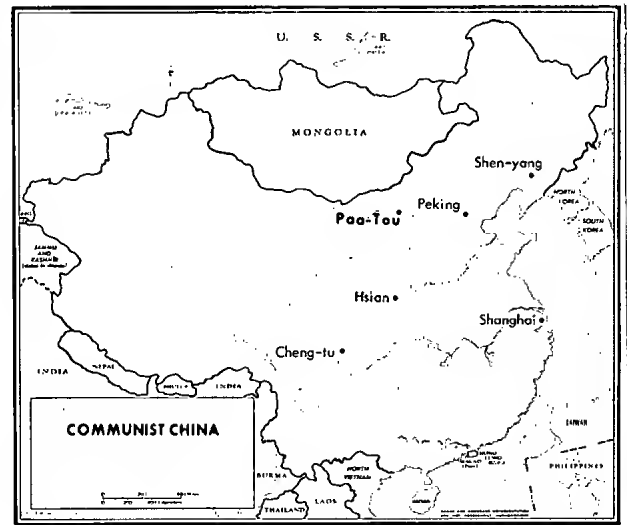
The President's Daily Brief

~~Top Secret~~ 4 November 1966

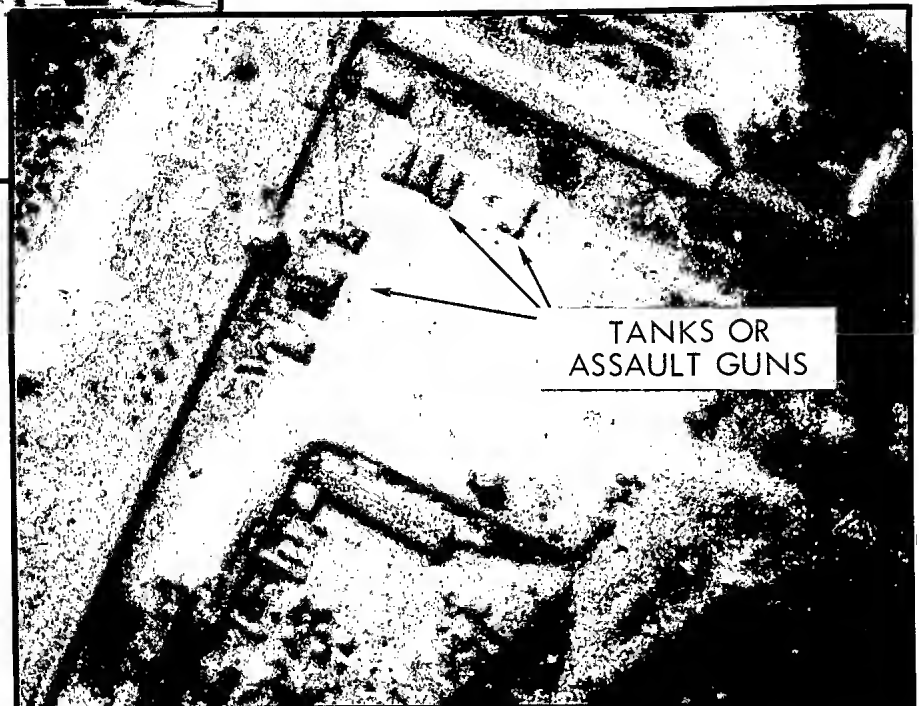


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PAO-TOU TANK PLANT, CHINA



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DAILY BRIEF
4 NOVEMBER 1966

1. Vietnam

Three weeks have passed since there has been any significant contact with enemy forces directly below the central and eastern portions of the Demilitarized Zone. US military authorities are inclined to think that elements of the two regular North Vietnamese divisions that had been in the area have now been pulled back north, except for their reconnaissance units.

This may well be just a temporary response to US military pressures.

2. Soviet Union

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3. Communist China

Satellite photography has confirmed that Communist China is producing tanks.

China's only tank plant was built by the Soviet Union in 1958 but remained dormant after the Russian pull-out in 1960. Activity resumed at the plant last year and the recent photography shows medium tanks and assault guns on the grounds of the factory. (See photographs.)

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4. Arab World

The Soviet veto of Israel's complaint against Syria has loosened the last restraint on Israel.

Israel has been preparing its forces for air and ground action and Syria will almost certainly provide provocation for retaliatory action. There have been numerous incidents along the border during the four weeks Tel Aviv has been awaiting the outcome of its appeal to the UN.

5. Guatemala

One of the government's first moves under the state of siege proclaimed early yesterday was the arrest of many rightist leaders. Large quantities of arms and explosives were found during the roundup. Meanwhile, terrorist activity by the left is on the rise.

6. Dominican Republic

The economy is in better shape than in 1964, and the Balaguer government's austerity program is on the right track

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7. Iran

The Shah is pleading for US help in his confrontation with the consortium of Western oil companies that produces and markets most of Iran's oil. The Shah insists on a substantial increase in oil production to finance Iran's economic development and defense programs.

The consortium is willing to permit a moderate increase but is not in a mood to compromise. It has about two more weeks in which to respond to the Iranian demands.

The Shah could probably be persuaded to scale down his demands somewhat. If it comes to a showdown, however, he threatens to deprive the consortium of some of its concession areas. This would touch off a new uproar among the oil companies which could accuse Iran of violating its international commitments.

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